

Group Tax Free Savings Accounts *A New Employee Benefit*

Canadians have a new way to save money starting in 2009!

Last year, the Government of Canada announced the creation of a Tax-Free Savings Account (TFSA). Beginning in 2009, individuals can contribute up to \$5,000 per year to a TFSA where contributions grow and earn income tax-free.

CUMIS now offers a Group TFSA to employers to complement their current group retirement plan.



A Group TFSA will provide employers with:

- A solution that accepts employee payroll or lump-sum contributions
- Preferred investment management fees
- Investment products similar to those available under their current group plan
- Education through regular sessions
- Ongoing information through the member web account and statement

Here is how a TFSA works:

- Individuals will be able to contribute up to \$5,000 per year into a TFSA
- Investment income and capital gains earned in a TFSA will not be taxed, even when withdrawn
- Unused TFSA contribution room is carried forward to future years
- Unlike an RRSP, any money contributed to a TFSA will not be tax deductible
- There is no maximum age limit to contribute to a TFSA unlike the RRSP which has a limit of 71 years of age
- Funds can be withdrawn from a TFSA at any time for any purpose
- The amount withdrawn can be put back in the TFSA at a later date without reducing your contribution room
- Just like an RRSP, the government will determine an individual's available TFSA contribution limit for the coming year based on the tax return filed by the individual each year
- Neither income earned in a TFSA nor withdrawals will affect an individual's eligibility for federal income-tested benefits and credits such as the Canada Child Tax Benefit, Guaranteed Income Supplement, Old Age Security benefits, Age Credit, or Goods and Services Tax Credit
- Contributions to a spouse's or common-law partner's TFSA will be allowed and TFSA assets can be transferred to a spouse or common-law partner on death

As previously mentioned the CUMIS Group Tax-Free Savings Account has been created to complement your current group retirement plans. **For more information on the CUMIS Group TFSA please contact Ken Richards at (800) 263-9120 ext. 5004 or by e-mail at ken.richards@cumis.com**

CUMIS Market-based Funds

Gross Annualized Rates of Return as at December 31, 2008

FUND	3 Month (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Money Market					
Canadian Money Market Fund (PH&N)	0.8	3.7	4.2	3.5	3.8
Fixed Income					
Retirement Security Fund (CUMIS)	1.1	4.6	4.8	5.0	5.7
Universe Bond Index Fund (BGI)	4.2	6.1	4.6	5.5	6.0
Income Fund (Ethical)	3.5	4.5	4.1	5.3	—
Fixed Income Fund (McLean Budden)	5.2	7.0	4.5	5.5	6.0
Short-Term Bond & Mtgage Fund (PH&N)	3.4	5.6	4.6	4.3	5.4
Bond Fund (PH&N)	3.8	3.8	3.8	5.1	6.1
Balanced					
Balanced Fund (Ethical)	-8.1	-16.3	-0.1	4.4	—
Balanced Core Fund (McLean Budden)	-6.5	-14.2	-0.6	3.4	—
Balanced Fund (Mawer)	-7.6	-15.3	0.5	4.8	6.1
Balanced Fund (PH&N)	-9.0	-17.5	-2.4	2.4	3.8
Canadian Equity					
S&P/TSX Composite Index Fund (BGI)	-22.7	-32.5	-4.5	4.4	5.5
Canadian Equity Fund (Bissett)	-21.3	-31.8	-7.2	2.6	—
Growth Fund (Ethical)	-19.0	-29.7	-3.5	3.3	—
Special Equity Fund (Ethical)	-17.8	-30.7	-4.6	—	—
Canadian Small Cap Fund (Franklin Templeton)	-26.4	-41.1	-16.2	0.6	—
Large Cap Canadian Equity Fund (Mawer)	-18.2	-28.5	-2.4	5.8	8.8
Small Cap Canadian Equity Fund (Mawer)	-19.4	-37.0	-4.5	6.5	13.4
Canadian Equity Core Fund (McLean Budden)	-19.7	-31.9	-4.4	3.5	8.3
Canadian Equity Value Fund (McLean Budden)	-15.2	-25.5	-3.6	4.0	10.0
Pure Canadian Equity Fund (PH&N)	-22.9	-34.6	-6.6	3.1	6.6
Canadian Equity Fund (PH&N)	-24.5	-36.8	-9.0	0.1	3.5
Dividend					
Dividend Income Fund (PH&N)	-22.0	-31.8	-7.9	0.8	7.8
U.S. Equity					
U.S. Equity Index Fund (BGI)	-9.6	-21.5	-6.9	-3.3	-3.8
U.S. Equity Fund (Mawer)	-10.6	-13.1	-2.1	-0.6	-1.2
American Equity Fund (McLean Budden)	-10.3	-21.8	-5.1	-1.9	—
U.S. Equity Fund (PH&N)	-11.7	-19.7	-7.6	-5.1	-5.5
Foreign Equity					
EAFE Equity Index Fund (BGI)	-7.0	-29.0	-5.5	0.7	-1.3
International Fund (Bissett)	-9.3	-30.8	-5.7	1.0	—
International Equity Fund (Ethical)	-8.9	-34.6	-7.9	—	—
Non North American Equity Fund (Mawer)	-13.2	-31.0	-3.0	3.8	4.3
Global Equity Fund (McLean Budden)	-7.3	-21.7	-4.8	-0.7	0.5
Overseas Equity Fund (PH&N)	-4.5	-30.2	-6.5	-1.3	—
Growth Fund (Franklin Templeton)	-8.8	-28.3	-5.3	0.2	—
Actively Managed Asset Allocation Funds					
LifePoints® Balanced Income (Frank Russell)	-2.3	-8.0	1.0	4.1	5.0
LifePoints® Balanced Growth (Frank Russell)	-6.6	-17.1	-1.7	3.3	4.6
LifePoints® Long-Term Growth (Frank Russell)	-10.2	-24.1	-3.8	2.9	4.7
LifePoints® All-Equity (Frank Russell)	-13.7	-30.6	-6.4	0.6	—
Index Managed Asset Allocation Funds					
Conservative Balanced Index Fund (BGI)	-3.7	-8.8	0.4	3.1	3.5
Moderate Balanced Index Fund (BGI)	-8.0	-16.2	-1.4	3.2	4.0
Aggressive Balanced Index Fund (BGI)	-12.0	-22.8	-3.0	3.0	3.8
Target-date Funds					
LifePlan™ Retiree Fund (McLean Budden)	-1.8	-6.0	1.3	4.0	5.4
LifePlan™ Retirement 2010 (McLean Budden)	-2.1	-7.1	1.2	4.1	5.6
LifePlan™ Retirement 2015 (McLean Budden)	-4.0	-10.5	0.3	3.6	5.4
LifePlan™ Retirement 2020 (McLean Budden)	-5.2	-12.7	-0.4	3.4	5.3
LifePlan™ Retirement 2025 (McLean Budden)	-6.3	-14.7	-0.9	3.1	5.2
LifePlan™ Retirement 2030 (McLean Budden)	-7.5	-16.8	-1.4	2.9	5.1
LifePlan™ Retirement 2035 (McLean Budden)	-8.6	-18.6	-2.0	2.7	5.0
LifePlan™ Retirement 2040 (McLean Budden)	-9.8	-20.7	-2.7	2.3	4.9

Note: All performance data is shown on a gross or "pre-fee" basis except for Retirement Security Fund

1 - Retirement Security Fund charges 1.2% in Investment Management Fees. The returns shown above for RSF are net of fees.

2 - Please see the Fund Fact Sheets posted on the CUMIS website (www.cumis.com) for benchmark returns on all fund(s).

3 - Pooled funds are not guaranteed, their values change frequently and past performance may not be repeated.

4 - The Ethical Funds charge an expense management fee against the fund up to a maximum of 20 basis points.

5 - Mawer Investment Management charges expenses against the funds.

6 - McLean Budden charge expenses against the American Equity fund.

News from the Government

Government Retirement Programs 2009

Old Age Security – First Quarter of 2009

Basic Benefits	GIS max. Single	GIS max. Married	Spouse's Allowance	Widow/Widower
\$516.96	\$652.51	\$430.90	\$947.86	\$1,050.68

	Canadian Pension Plan		Quebec Pension Plan	
	2008	2009	2008	2009
YMPE	\$44,900.00	\$46,300.00	\$44,900.00	\$46,300.00
Basic Exemption	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00
Contribution Rate				
▪ employee	4.95%	4.95%	4.95%	4.95%
▪ employer	4.95%	4.95%	4.95%	4.95%
▪ self-employed	9.90%	9.90%	9.90%	9.90%
Annual contribution (maximum)				
▪ employee	\$2,049.30	\$2,118.60	\$2,049.30	\$2,118.60
▪ employer	\$2,049.30	\$2,118.60	\$2,049.30	\$2,118.60
▪ self-employed	\$4,098.60	\$4,237.20	\$4,098.60	\$4,237.20
Retirement benefit (maximum, per month)	\$884.58	\$908.75	\$884.58	\$908.75
Death benefits				
▪ lump sum	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
▪ spouse maximum (per month) under 65	\$493.28	\$506.38	\$745.77	\$765.18
▪ spouse maximum over 65 (per month)	\$530.75	\$545.25	\$530.75	\$545.25
▪ orphan (per child per month)	\$208.77	\$213.99	\$66.29	\$67.95
Disability benefits				
▪ contributor (maximum, per month)	\$1,077.52	\$1,105.99	\$1,077.49	\$1,105.96
▪ child (per child, per month)	\$208.77	\$213.99	\$66.29	\$67.95

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Ontario Expert Commission on Pensions Report

Overview

The Government of Ontario has released the final report of the Expert Commission on Pensions, *A Fine Balance: Safe Pensions, Affordable Plans, Fair Rules* (the Report).

The government press release announced that the province is providing a written comment period ending February 27, 2009, and says that they are "committed to introducing legislation."

In addition to the detailed recommendations contained in the Report, the Report stresses the need for innovation of the broader pension system. It suggests that the optimal way to expand pension coverage is to encourage large scale commingled pension arrangements. It also suggests that an expansion of the Canada Pension Plan, or the creation of a comparable provincial plan, should be investigated seriously.

The Report is 222 pages containing 142 recommendations. The following is a list of the highlights of the Report.

Highlights

- Exemption from 30% investment rule available provided joint governance and requisite capacity exists
- MEPPs and JSPPs not required to fund on a solvency basis
- Monsanto to be overruled by statute – no longer any requirements to distribute surplus assets on a partial pension plan wind-up
- Only Partial Wind-Ups in very limited circumstances
- Except for MEPPs and JSPPs, Grow-In required for all Involuntarily Terminated who satisfy the Rule of 55
- On Plan Termination surplus withdrawal permitted based on document wording or agreement
- Ongoing surplus withdrawals permitted above greater of (i) 125% of full solvency funding and (ii) 105% of full solvency funding plus two years of current service costs, on the same basis as termination surplus withdrawal
- Statutory provision permitting Contribution Holidays and Payment of Expenses
- DC conversions and mergers with cross funding permitted
- 5% Provision for Adverse Deviation (Pfad) required for all single employer pension plans. Once plans are funded at 95% or higher, they are permitted an eight-year solvency amortization

- Letters of Credit permitted as security for contributions within limits
- Immediate Vesting of benefits mandated
- Increase in PBGF limits
- An agency should be established to hold, among other benefits, benefits for unlocated beneficiaries
- Advanced Rulings to be provided
- Expanded Annual Information Statement
- Governance, Funding and Investment Policies Required
- Pension Advisory Committee Required subject to limited exceptions
- Governance Best Practices to be disseminated
- On-Line Access to Plan Documents
- New Jointly Governed Target Benefit Plan Possible
- Fiduciary Duties to be subject to Consultation
- Promotion of Large Scale Commingled Arrangements
- Promotion of National Pension Dialogue

The entire Report and a Summary thereof is available at www.pensionreview.on.ca, together with details of the Commission's consultations, submissions and research program.

Also available online is a separate memorandum prepared by the Expert Advisors on the technical amendments recommended to the government.

Alberta/British Columbia Joint Expert Panel on Pension Standards Report

The governments of Alberta and British Columbia have released the final report of the Alberta/British Columbia Joint Expert Panel on Pension Standards, *Getting Our Acts Together: Pension Reform in Alberta and British Columbia* (the Report).

The Report is 241 pages with 125 recommendations. The entire Report is available at www.ab-bc-pensionreview.ca.

Beyond the detailed recommendations, the Report emphasizes the need for not only expanded pension coverage in the two provinces but also promoting confidence in the pension system generally with the adoption of "best practice" standards that have already been developed by Canada's financial regulators for governance and for capital accumulation plans. As well, the Report stresses the need for promotion and maintenance of harmonization between the two governments' pension legislation through the adoption of identical pension statutes in each province, the establishment of a joint policy advisory council and a joint pension tribunal.

Both provinces are seeking feedback on the Report from interested stakeholders, with a written comment period ending March 2, 2009.